# ARC Grant Administration Manual - Frequently Asked Questions

## APPALACHIAN REGIONAL COMMISSION

1666 Connecticut Ave NW, Suite 700

Washington DC 20009-1068

*(202)-884-7750*

### I. WRITTEN PROGRAM REPORTS

*(A) Progress Reports*

- *When should the grantee submit reports of project activities described in the project application and approved by ARC?*

  Usually a *progress report* is due for each 120-day period of the grant period. The 120-day period begins with the start date of the grant agreement. *Progress reports* should be submitted within 30 days after the 120-day period unless otherwise required in the grant agreement. If program activities did not start within the first 120 day period, or the project is delayed any time during the reporting period, a *progress report* should still be submitted explaining the reasons for the delay and how problem(s) are being resolved.

- *What information should be included in the progress report?*

  Each *progress report* should describe the progress being made in achieving the goals and objectives specified in the grant, and it should be keyed to the project's performance measurements. The report should outline activities scheduled for the next reporting period and describe problems encountered, if any. If you have questions regarding the information needed, call the ARC Project Coordinator identified on page one of the Grant Agreement.

- *Is it permissible to fax or e-mail progress and financial expenditure reports?*

  ARC will accept faxed and e-mailed copies of *progress reports*. At this time, ARC requires original signed payment requests and payment backup documentation unless otherwise approved by your project coordinator.

- *To whom does the grantee send reports and how many copies does ARC need?*

  Two (2) copies of the *progress report* should be sent to the ARC Project Coordinator. The report should be stapled but unbound. One copy of the *progress report* should also be sent to the State Administration and Liaison Officer (usually the State Program Manager) listed on page one of the Grant Agreement.

*(B) Final Reports*

- *When is the final report due and how many copies should be submitted?*

  **Five copies of the *final report* are due within 30 days after the project has ended. If a delay in submitting the *final report* is expected, the grantee should notify the ARC Project Coordinator.**

- *What information should the grantee include in the final report?*

  **A report covering only the final quarter of the grant period is not sufficient. The *final report* should review and highlight all activities that occurred during the implementation phase of the project. It is important to include final outcome measurements that are keyed to the performance measurements in the approved grant. *See ARC's "Guidelines for Compiling Final Reports" for more information.***

## II. FINANCIAL REPORTS AND PAYMENTS

*(A) Progress Payments – Reimbursements and Advances*

- *How does ARC make project payments?*

  **ARC makes electronic payments to grantees using the ACH [Automatic Clearinghouse] payment system. All grantees are required to receive payments through the ACH process; no payments will be made without a completed ACH enrollment form (SF 3881) on file. A copy of the enrollment form with instructions was included with your grant agreement. You may also download a copy from the Internet at: www.fms.treas.gov**

- *Can the ACH Form be revised during the grant period?*

  **Yes. Simply complete a new ACH enrollment form along with a note indicating that it is revised and submit the revised form directly to the ARC Finance Office, 1666 Connecticut Ave. NW, Suite 700, Washington, DC 20009-1068.**

- *How does the grantee request a payment?*

  **To receive a payment, the grantee must submit the original and one copy of the following: (1) a progress report that covers the same time period as the payment request; (2) a "Request for Advance or Reimbursement" (SF 270); (3) Backup worksheets that summarize actual expenditures by approved budget line items. Payment forms and recommended formats for backup worksheets (PMB-1 and PMB-2) were enclosed with your grant agreement and are available from ARC. Other backup formats may be acceptable with approval from your ARC Project Coordinator. (Copies of the SF 270 can be found on the Internet at: www.whitehouse.gov/ OMB/ grants/Index.html). Please note that both ARC and matching funds must be identified in the backup documentation that accompanies all payment requests.**

- *Can advance payments be received?*

  **ARC will advance funds but usually for not more than a 120-day period. The advance payment request should include (1) a short statement explaining why an advance is needed; (2) a "Request for Advance or Reimbursement" (SF 270); and (3) a backup worksheet showing estimated expenditures for each line item in the approved budget. A single payment request may include reimbursement and advance. Call the ARC Project Coordinator if assistance is needed.**

- *How does ARC process a payment request?*

The ARC Project Coordinator reviews your written report to confirm that appropriate progress is taking place and to look for opportunities to assist if needed. Financial forms are reviewed to confirm that expenditures are consistent with the approved budget. After the Project Coordinator approves the request, it is forwarded to ARC's finance staff, and payments are then transferred electronically through the ACH process. Funds will be deposited directly to your bank account; you will not receive notice of payment from ARC.

Payments will be made promptly if the progress report and accurate financial reports are submitted together. Payments will not be authorized without a progress report indicating accomplishments of work activities to date.

## II. FINANCIAL REPORTS AND PAYMENTS

*(B) Final Payments*

- *When will ARC make a final payment?*

   The final payment due the grantee is contingent upon submission to ARC, and ARC's approval, of the *final project report* and a *final financial report*. Final written and financial reports should reflect activities and costs for the entire grant performance period. The reports are due 30 days after the end of the grant period.

## III. PROJECT CHANGES

- *Can the grant period be extended?*

   ARC may approve a time extension with State concurrence. If there are reasons that the project can not be completed within the approved time period, a request should be made in writing, prior to termination of the grant period stating the reason for the need to extend the time period and the requested revised end date. Forward the extension request to your ARC Project Coordinator and the State Program Manager. ARC's approval is contingent on the state's approval of the request.

- *Can the work activities or equipment items be changed after ARC approves the project?*

   All substantial proposed changes must be requested in writing and approved by the ARC with State concurrence prior to the implementation of the changes. The reason for adding or deleting an activity should be fully described. Information should be provided explaining expected outcomes and outputs resulting from proposed changes. The State Program Manager should receive a copy of your request at the same time it is submitted to ARC in Washington. ARC's approval is contingent on the state's approval of the request.

## IV. BUDGET REVISIONS

- *Can changes be made to the budget after ARC approval?*

   If the ARC grant exceeds $100,000, prior ARC approval is required for budget changes exceeding 10% of the project's approved budget. Any other budget change that involves a substantial revision to the scope or objectives of the project (regardless of the grant amount) also requires prior ARC approval. If you are requesting these major budget changes, submit the revised budget to the ARC Project Coordinator and the State Program Manager. Budget changes must receive state concurrence prior to ARC action. You should also send copies of minor budget revisions that do not require ARC approval to ARC and the State Program

**Manager so that files will reflect the correct budget at all times.**

## V. SUBCONRACTS

- *Can we subcontract for services?*

  **Services that are subcontracted to a contractor identified in the project application as approved by ARC are allowable. Services to be subcontracted but not described as such in the original application should be submitted in writing to the ARC Project Coordinator for approval. The State Program Manager should receive a copy of your request at the same time it is submitted to ARC.**

## VI. RECORD KEEPING AND AUDITS

- *What are my audit requirements?*

  **All grantees must maintain accurate and complete records relating to ARC grant awards and make these available for audit, as necessary, by ARC or the General Accounting Office. Each year, ARC's Office of the Inspector General conducts random audits of selected ARC projects to ensure compliance with our grant agreement and applicable regulations.**

  **Audit requirements are noted in Office of Management and Budget (OMB) Circular A-133, (June 1997),** *Audits of States, Local Governments, and Nonprofit Organizations.* **This circular consolidated several prior circulars and exempted non-Federal entities that expend less that $300,000 per year in Federal awards from <u>Federal</u> audit requirements, under most circumstances. The Circular should become familiar to any entity receiving substantial amounts of Federal grant funds. A grantee receiving less than $300,000 per year in Federal grants cannot charge Federal grants for the cost of an audit conducted during the year.**

- *Where does the grantee find the detailed administration requirements for ARC grants?*

  **ARC grants are administered in accordance with the applicable OMB Circulars, with such modifications in the requirements of the Circulars as the Commission may from time to time approve. The grantee is expected to use the OMB Circular appropriate for their type of organization. If you do not know which OMB Circular you should be using, contact the ARC Project Coordinator.**

| | |
|---|---|
| **A-102** General Administration Requirements for State and Local Governments | **A-122** Cost Principles for Non-profit Organizations |
| **A-110** General Administration Requirements for Education, Hospital, and Other Non-profit organizations | **A-87** Cost Principles for State, Local and Indian Tribal Governments. |
| **A-21** Cost Principles for Educational Institutions | |

- *What are some key issues we should be aware of with respect to record keeping and eligibility of expenditures?*

  1. <u>Separate Accounts:</u> **If your organization manages several grants, each grant should be accounted for separately, including receipts, expenditures, and any matching requirements.**
  2. <u>Documentation identifying in-kind and third party contributions and the valuation of such contributions.</u> **If your project will be using in-kind or third party**

contributions for matching purposes, documentation should be maintained including a listing of sources and an indication of how the contributions were valued, (e.g., comparable or similar type positions or services in area). Invoices should support services and other expenditures.

3. <u>Costs with respect to travel.</u> Travel claims should be consistent with written policies of the grantee, or in the absence of such, the Federal Travel Regulations, which can be obtained from the ARC Project Coordinator. Invoices should support costs and expenditures.

### VI. RECORD KEEPING AND AUDITS (continued)

4. <u>Costs incurred during the grant period.</u> ARC will not reimburse expenditures occurring before or after the grant period. As noted in Section III above, *Project Changes*, grant period extensions should be requested and approved by ARC before the grant period expires.

5. <u>Indirect costs</u>. If possible, grantees should use direct costs to develop budgets for ARC-funded programs. If this is not feasible, the grantee should maintain documentation on how indirect cost rates were calculated; this information should include the items charged to the indirect pool and the rationale for allocating indirect costs to the ARC project and across other programs.

> Requirements for submission of indirect cost proposals and cost allocation plans vary among state and local governments and non-profits. Larger organizations are required to have indirect cost proposals approved by the OMB designated cognizant agency, which is usually the agency providing the largest amount of Federal funds to the organization. OMB Circulars A-87 and A-122 identify the specific requirements and should be consulted.

- *What kind of accounting system does our agency need to maintain?*

> The project expenditures should be maintained in a format acceptable under the OMB Circular appropriate for your agency. If the financial officer of your organization does not have the appropriate OMB circular, copies may be downloaded from the Internet at: **www.whitehouse.gov/WH/EOP/OMB** You may also receive hard copies of OMB circulars directly from the Office of Management and Budget by telephoning that office at 202/395-7332.

## VII. CONTACTING ARC

If you have questions about any aspect of your ARC grant, please contact the State ARC Program Manager or the ARC Project Coordinator named on the first page of your grant agreement. The main telephone number for the Program Operations Division is 202-884-7750. The mailing address is:

Appalachian Regional Commission

1666 Connecticut Avenue NW, Suite 700

Washington, DC 20009-1068

Fax – (202) 884-7682

Additional information about ARC programs can be obtained on our website at **www.arc.gov**